



# Public Hearing: 2024-25 Proposed Budget for All Funds

June 6, 2024  
Agenda Item No. 11.3

**Presented by:**  
Janea Marking, Chief Business and Operations Officer

# Building Equity Into The Foundation

## SCUSD Core Value

We recognize that our system is inequitable by design and we vigilantly work to confront and interrupt inequities that exist to level the playing field and provide opportunities for everyone to learn, grow and reach their greatness.

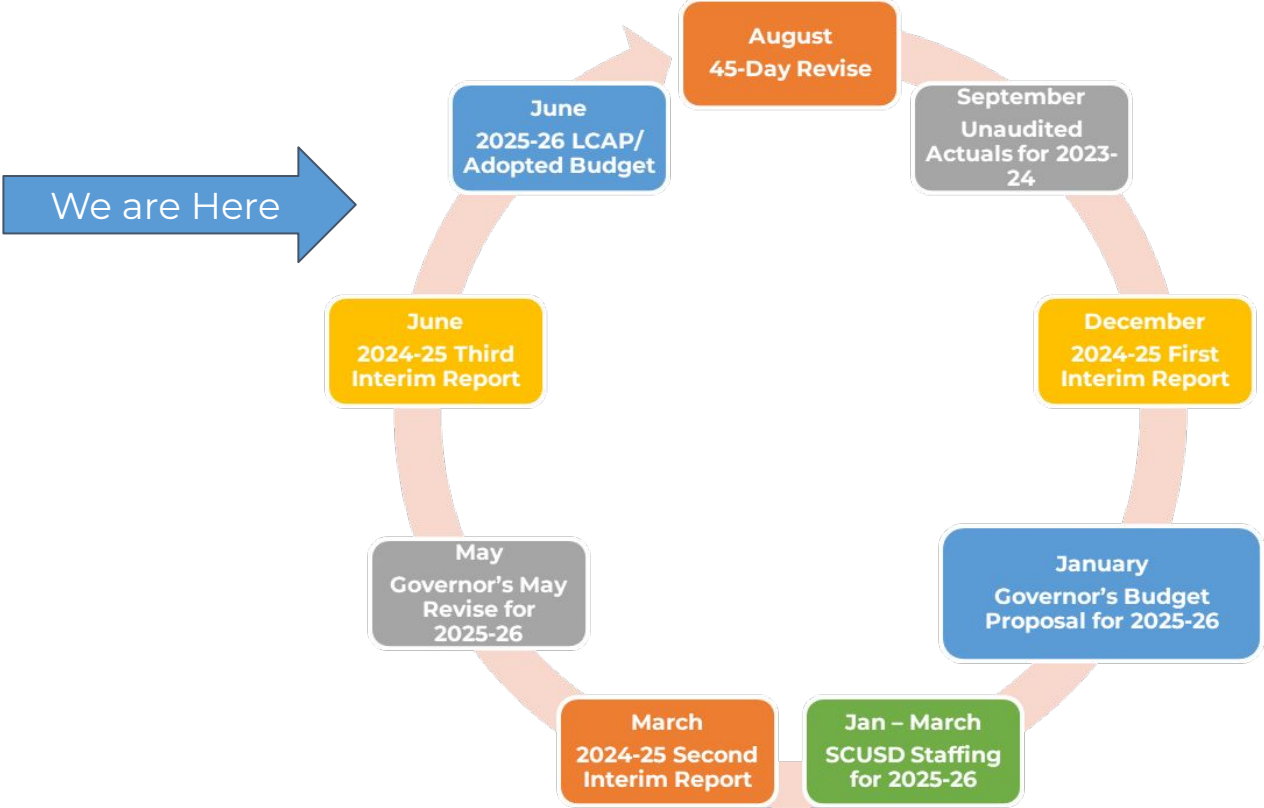
## SCUSD GUIDING PRINCIPLE

All students are given an equal opportunity to graduate with the greatest number of postsecondary choices from the widest array of options

# Agenda

- **2023-24 Third Interim**
- **2024-25 Proposed Budget**
- **What Is Right-Sizing?**
- **Turning Problems Into Plans**
- **Important Dates**
- **Feedback and Questions**

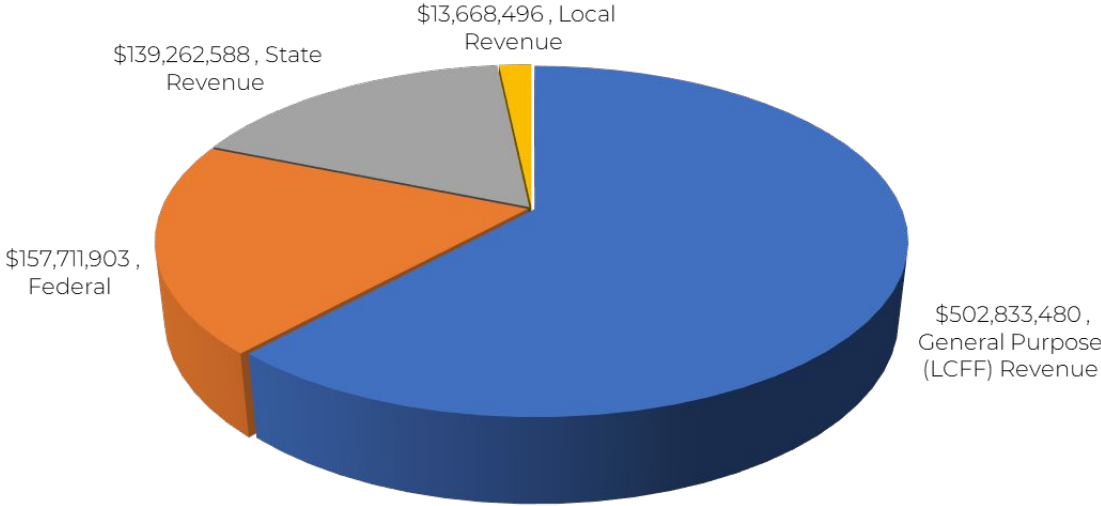
# Budget Reporting Cycle



# 2023-24 Third Interim Budget Report

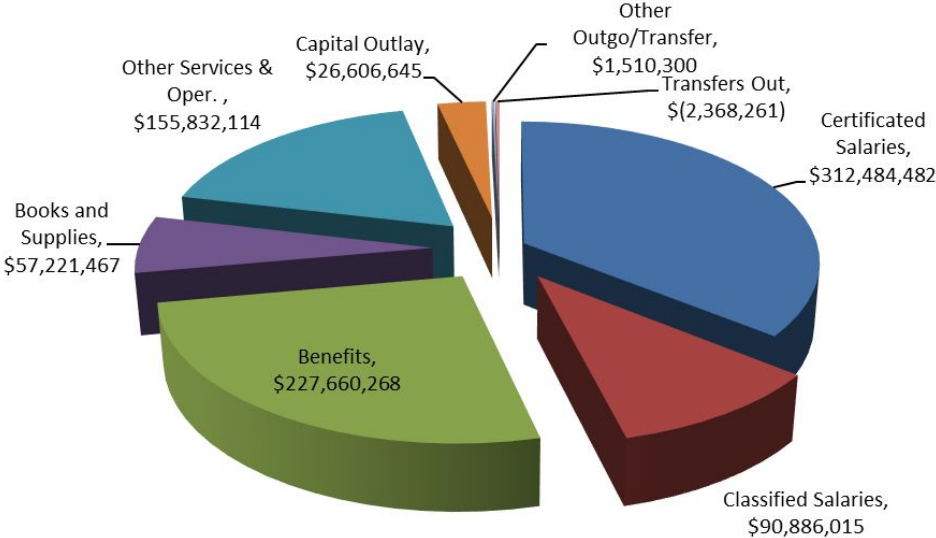
# 2023-24 Third Interim Revenues by Source

**Total General Fund Revenue 2023-24 Third Interim**

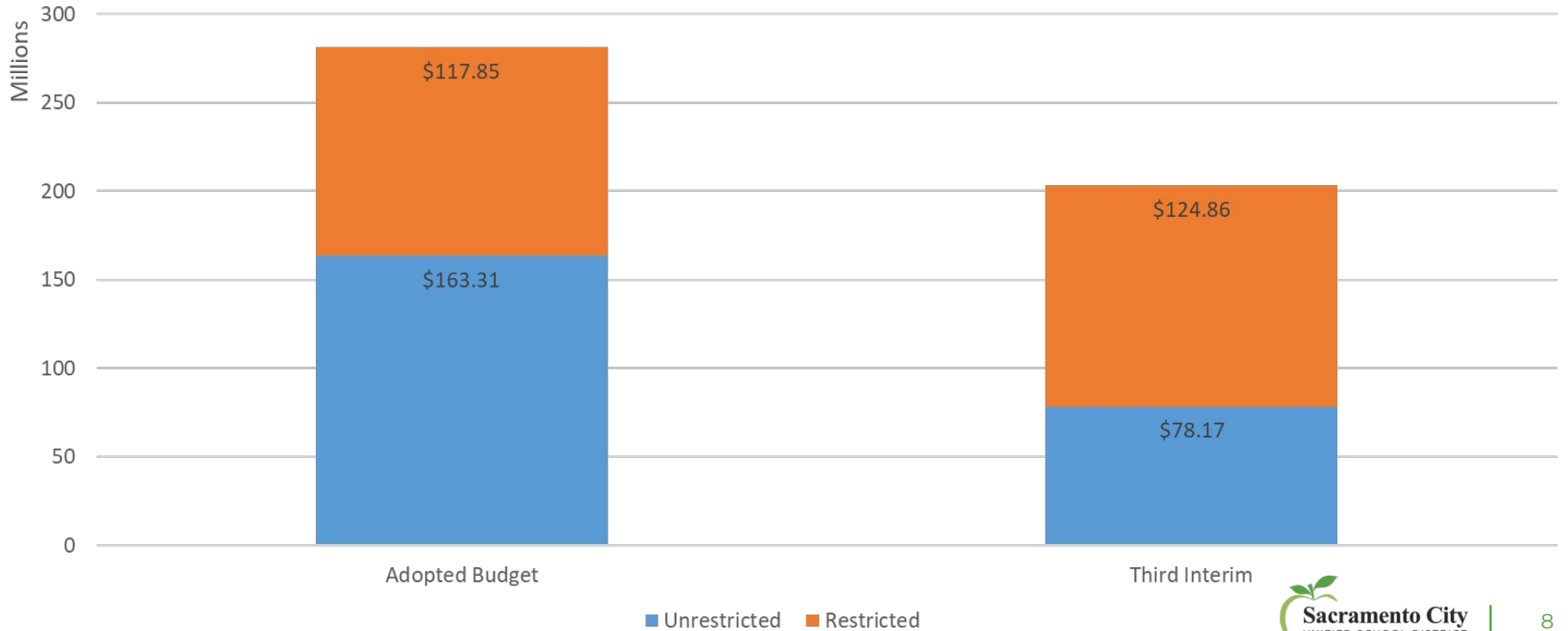


# 2023-24 Third Interim Expenditures by Source

Total General Fund Expenditures 2023-24 Third Interim



# 2023-24 Projected Ending Fund Balance



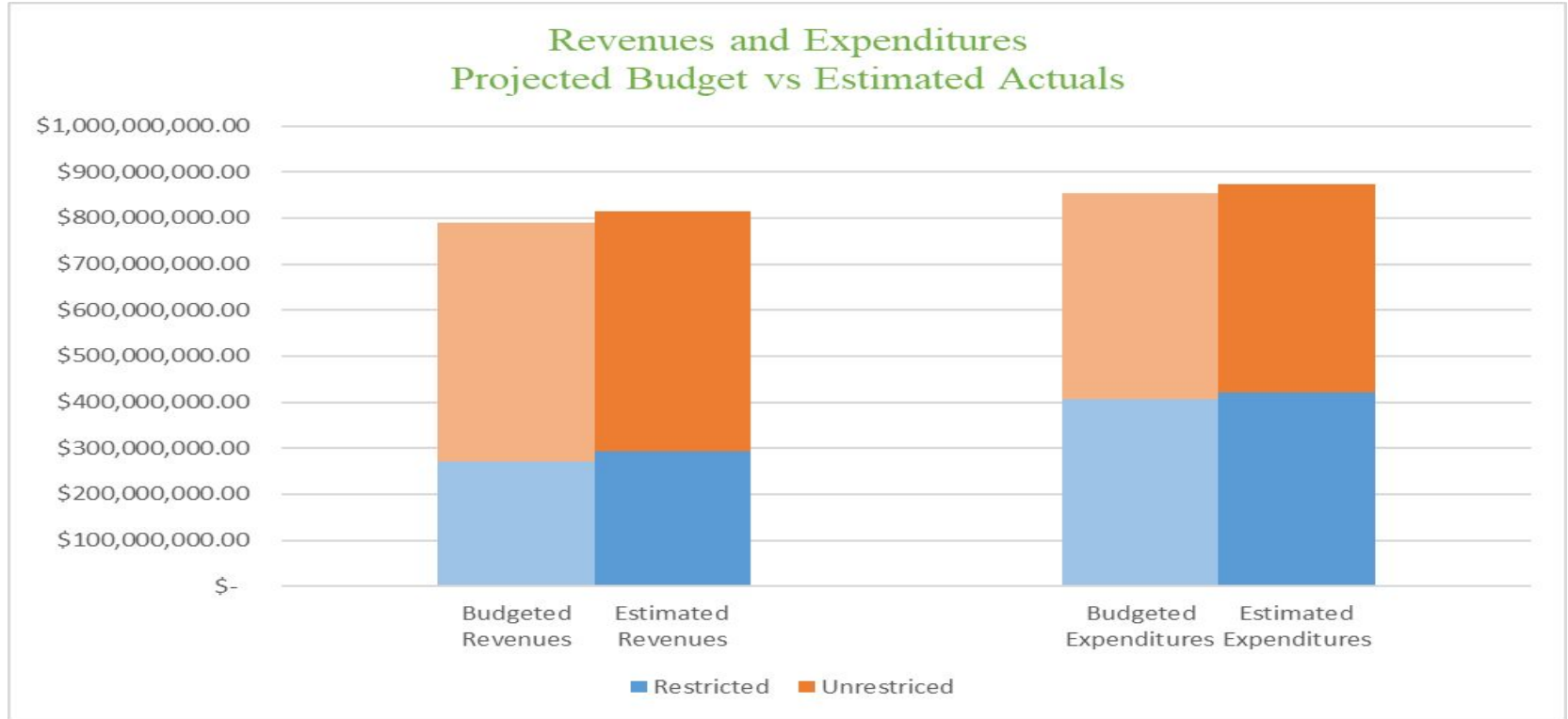


# Logistics

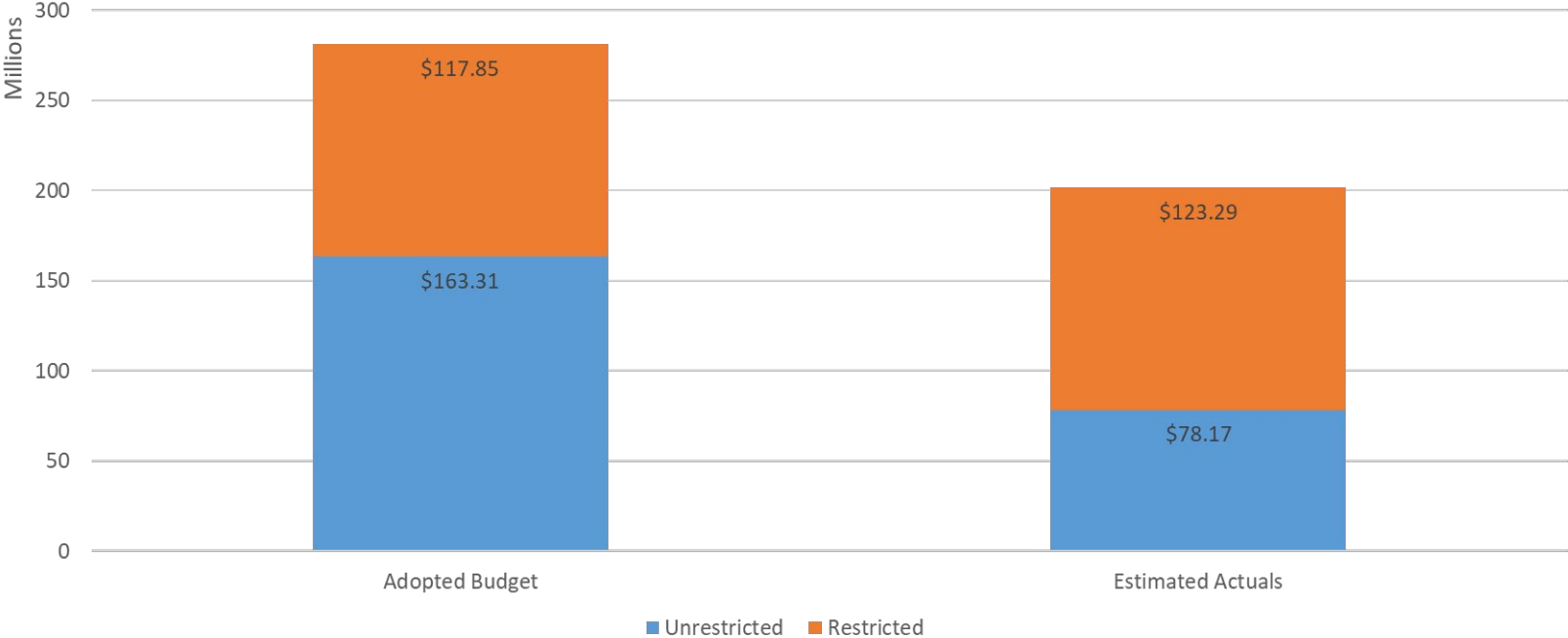


# 2024-25 Proposed Budget

# 2023-24 Estimated Actuals



# 2023-24 Estimated Actuals Ending Fund Balance



# May Revise Overview

Governor Newsom released his proposed revised state budget on May 10<sup>th</sup> for the upcoming 2024-25 fiscal year and released additional information on May 14<sup>th</sup>. The California Department of Finance (DOF) projected a \$37.9 billion deficit in January. Fortunately, the State implemented early actions to shrink the budget shortfall by \$17.3 billion; otherwise, the budget problem would have been worse. However, due to lower-than-expected revenues in the last few months, the budget shortfall increased by \$7.0 billion from January resulting in a \$27.6 billion deficit.

The Governor is maintaining his position of protecting K-14 education from on-going reductions (i.e. mid-year reductions, eliminating programs, etc.) by proposing the following actions:

- Continue to utilize a change in accrual and accounting method referred to as the “Proposition 98 Funding Maneuver”.
- Increase the utilization of funds from the Proposition 98 Rainy Day Fund. Withdrawing \$5.8 billion in 2023-24 and \$2.6 billion in 2024-25.

# May Revise Overview

In addition, except for applying COLA to eligible programs, there are no funding changes from what was proposed in January relating to the following programs:

- Expanded Learning Opportunities Program
- Universal Transitional Kindergarten
- Universal Meals
- California Community Schools Partnership Program
- Home-to-School Transportation
- Special Education

The statutory cost-of-living adjustment (COLA) for 2024-25 is 1.07%, which is being funded from one-time funds.

# May Revise Overview

However, the Governor does propose the following one-time education reductions in order to balance the budget:

- Reducing \$485 million of one-time, unspent **Learning-Aligned Employment Program** funds.
- Eliminating one-time support for the **School Facilities Aid Program**.
- Reducing \$550 million supporting the **California Preschool, Transitional Kindergarten, and Full-Day Kindergarten Program facilities**, needs could be included in the next statewide school facilities bond.
- Reducing \$60.2 million of one-time support for the **Golden State Teacher Grant Program**.
- Eliminating the planned general fund investments of \$47.9 million in 2025-26 and \$97.9 million on-going starting in 2026-27 relating to the **California State Preschool Program** adjustment factor costs for state preschools to serve at least 10% percent of students with disabilities by 2026-27.

# SCUSD Enrollment & ADA



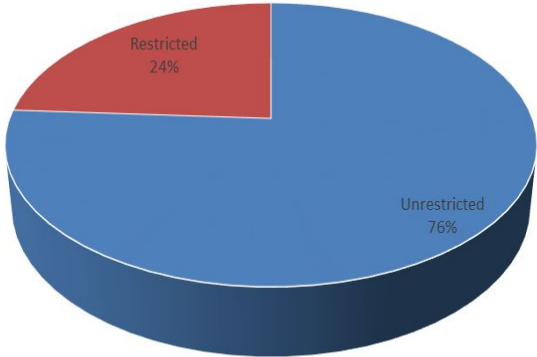


# Assumptions

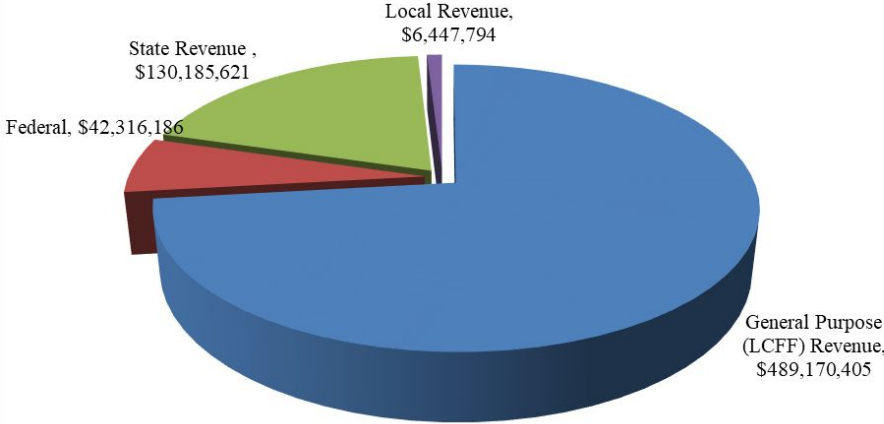
Planning Factor	2024-25	2025-26	2026-27
Statutory COLA	<b>0.76%</b>	2.73%	3.11%
STRS Employer Rate	19.10%	19.10%	19.10%
PERS Employer Rate	27.80%	28.50%	28.90%
SUI Employer Rate	0.05%	0.05%	0.05%
Lottery, Unrestricted	\$177	\$177	\$177
Lottery, Prop 20	\$72	\$72	\$72

# Proposed 2024-25 Budget Overview

## Total General Fund Revenues 2024-25 Proposed Budget

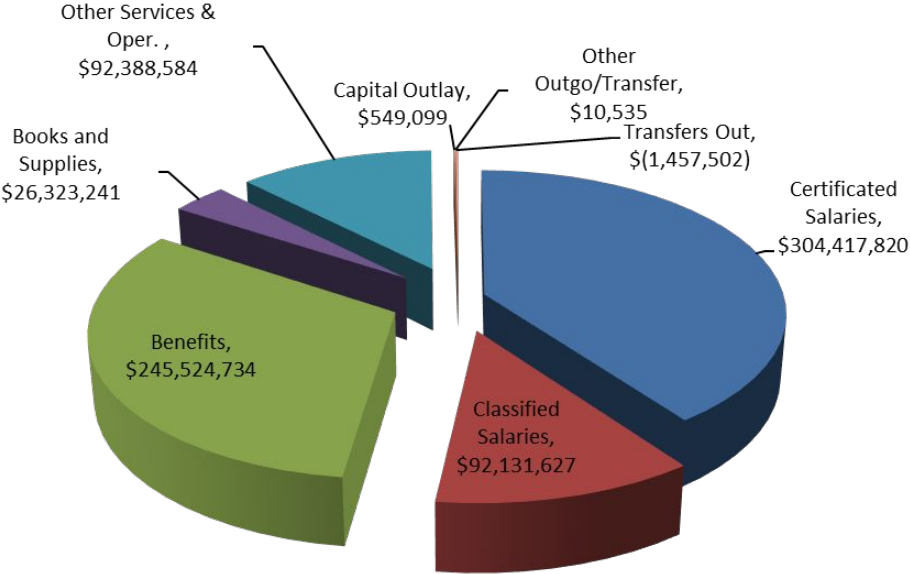
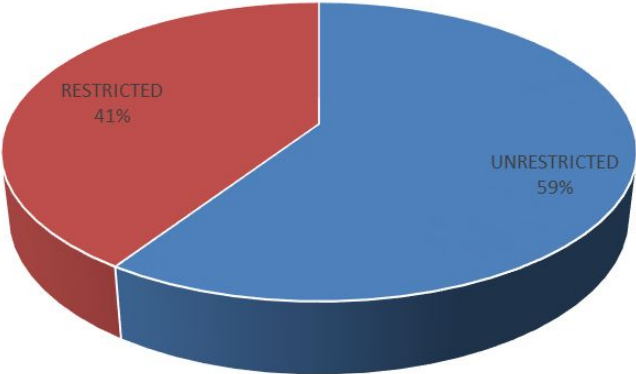


■ Unrestricted ■ Restricted



# Proposed 2024-25 Budget Overview

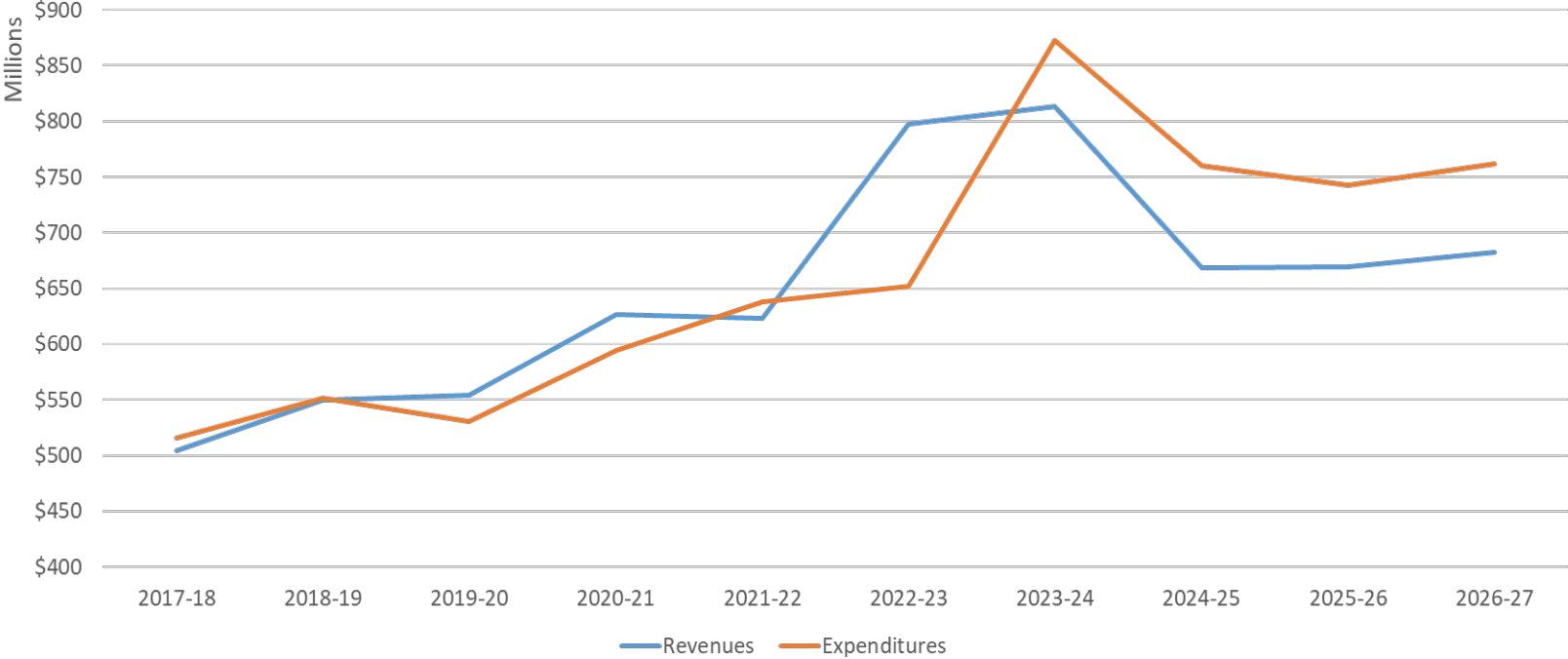
## Total General Fund Expenditures 2024-25 Proposed Budget



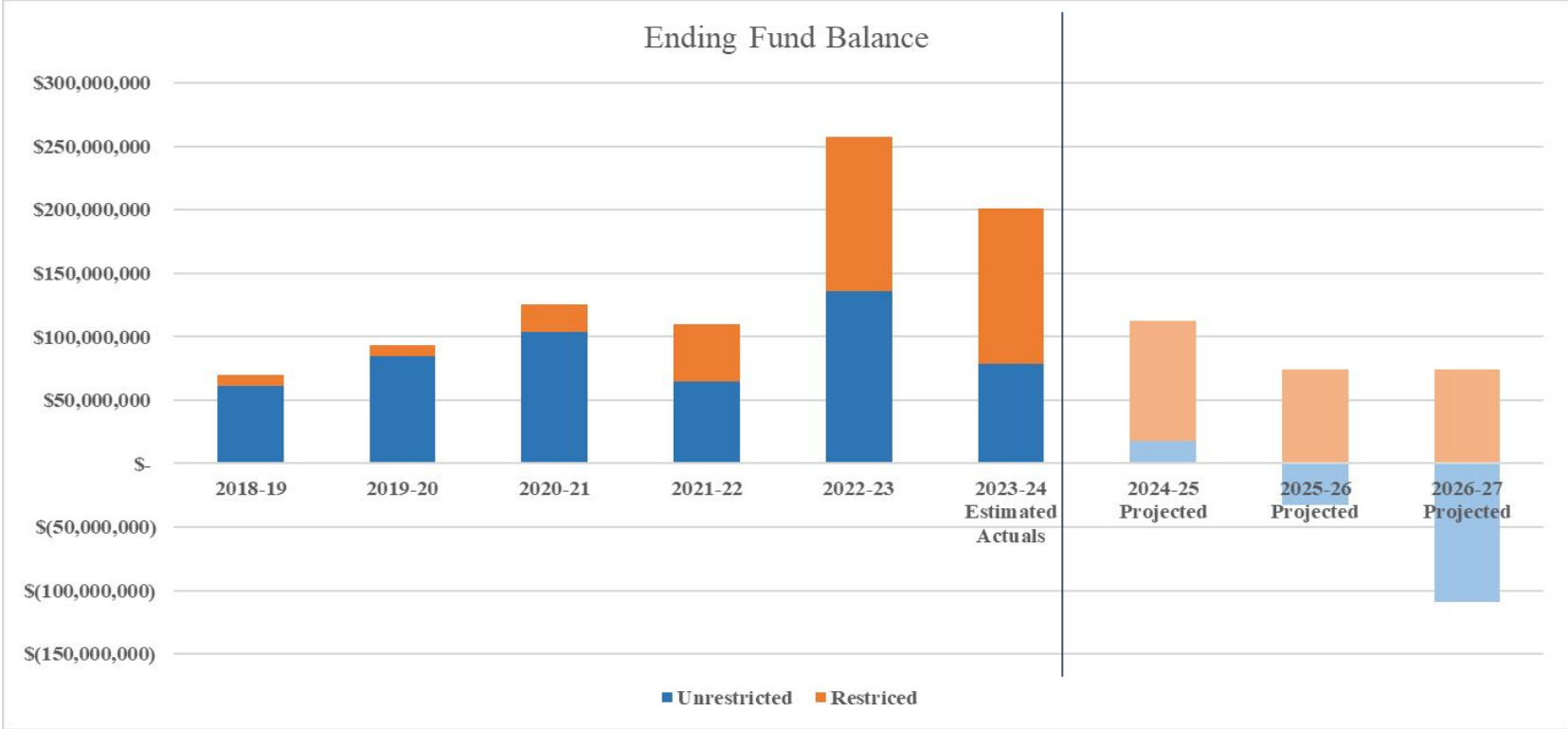
# Proposed 2024-25 Other Funds

Fund	Name	2024-25 Ending Fund Balance	Fund	Name	2024-25 Ending Fund Balance
08	Student Activity	\$1,570,33	25	Capital Facilities	\$30,318,854
09	Charter Schools	\$11,607,428	35	County School Facilities	\$0
11	Adult Education	\$606,567	49	Capital Projects	\$2,586,527
12	Child Development	\$1,119,189	51	Bond Interest	\$43,278,892
13	Cafeteria	\$15,882,706	61	Cafeteria Enterprise	\$25,047
21	Building Fund	\$0	67	Self-Insurance	\$10,998,707

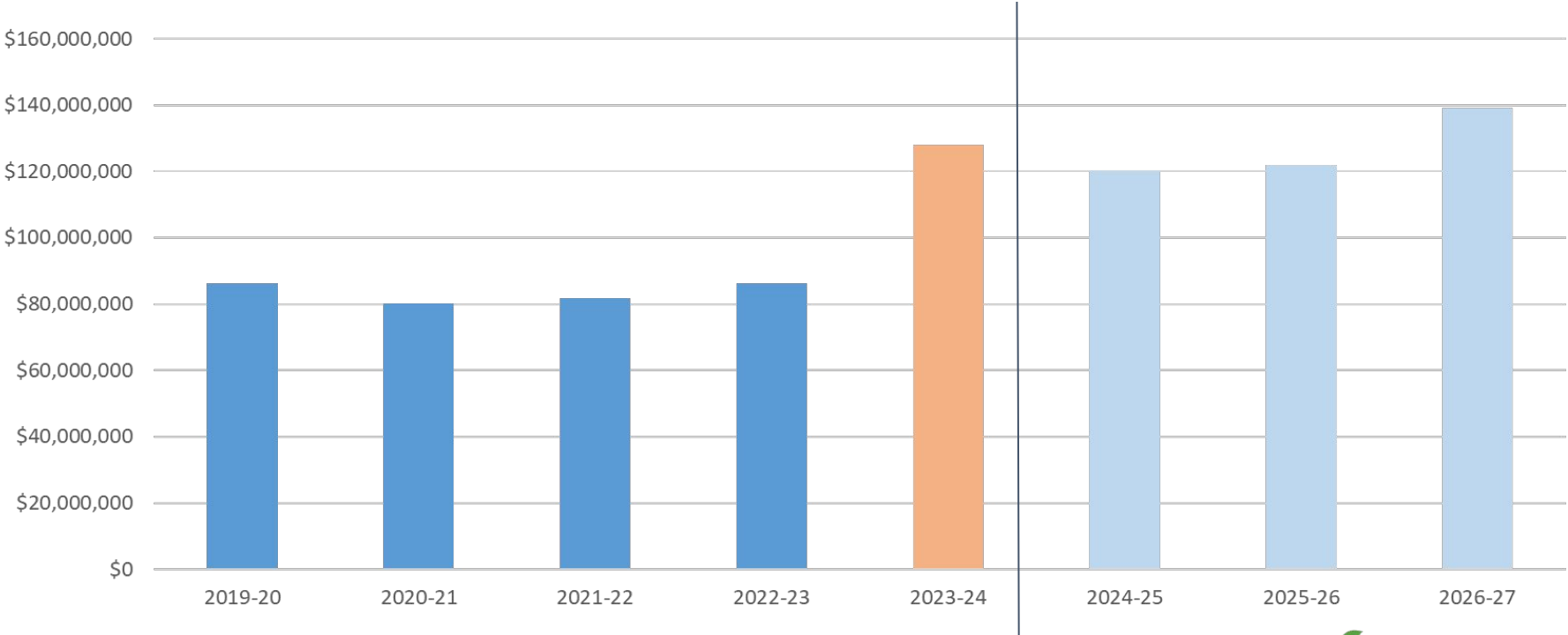
# Multi-Year Comparison



# Multi-Year Comparison



# Contributions



# 45 Day Update

- State Budget Adoption Items Including LCFF / COLA Change
- Penalty | Agreement | 16 Days
- Negotiated Changes with SEIU
- Measure H Issuance



# Request for Plan

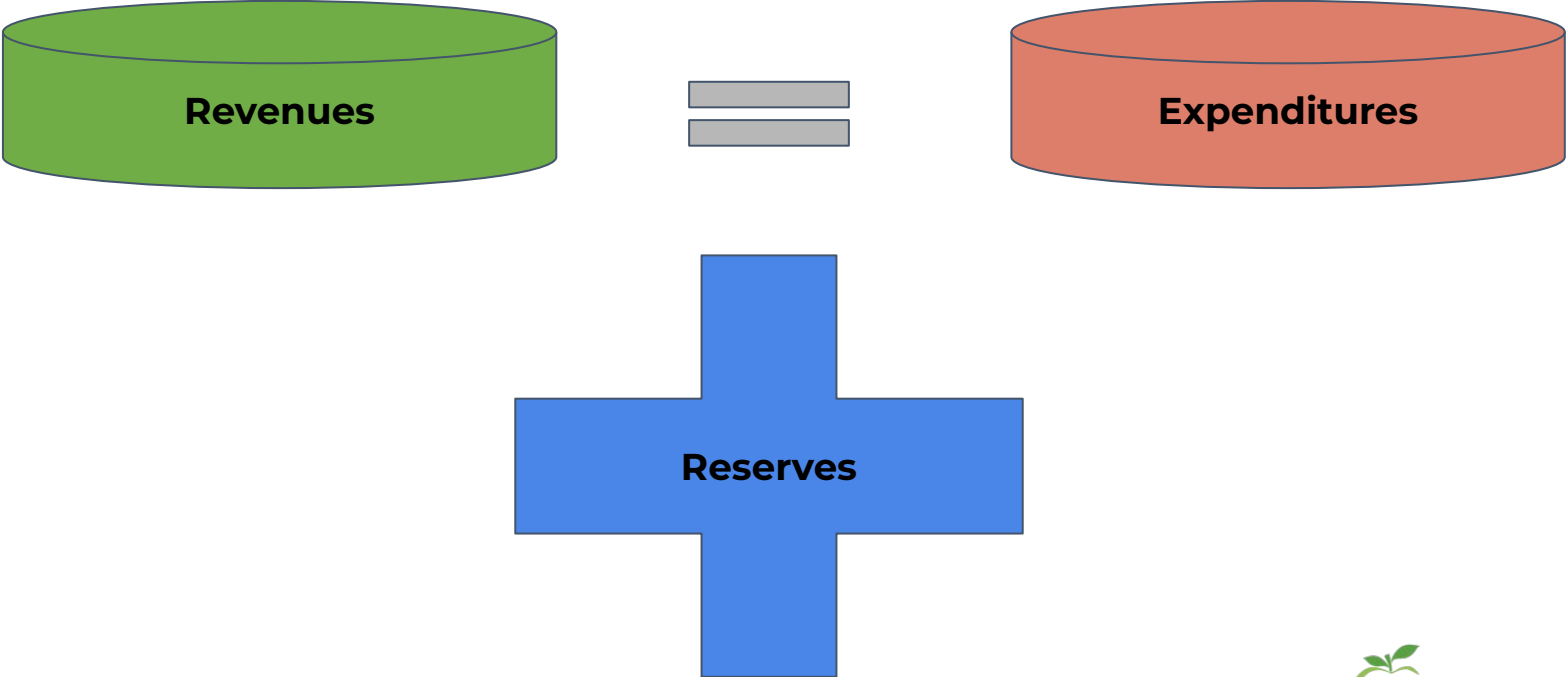
From Sacramento County Office of Education  
April 16, 2024

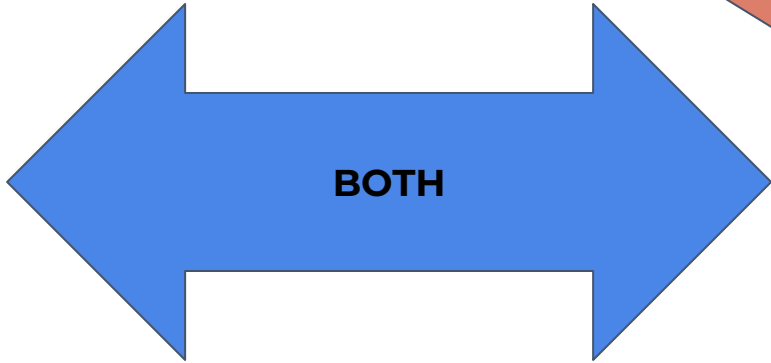
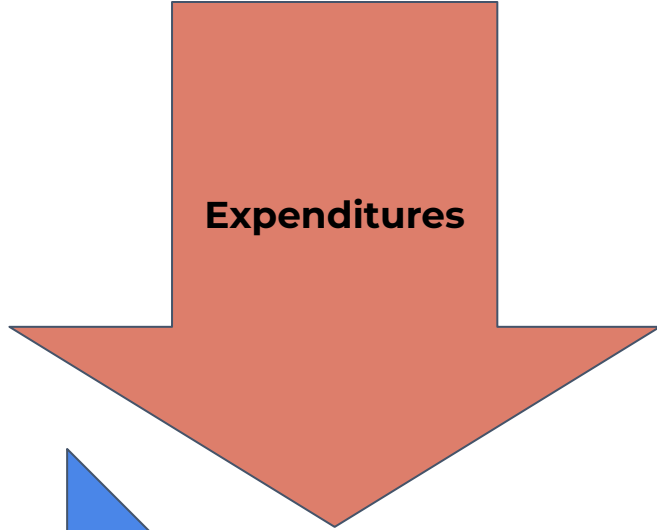
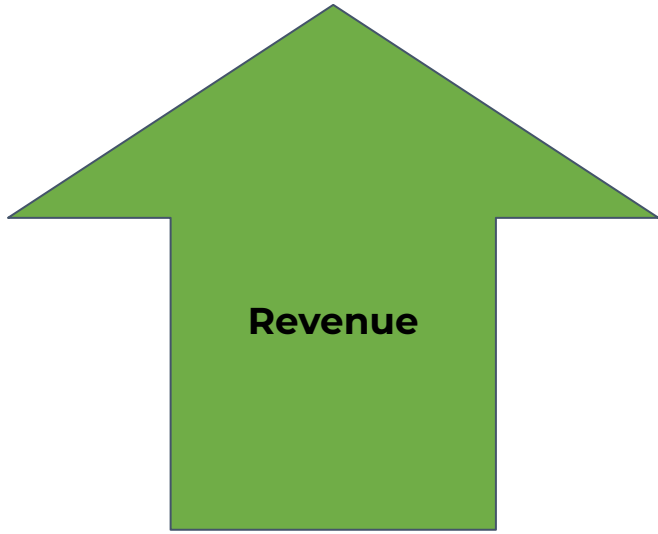
In our March 5, 2024 letter to the district, we acknowledge that district staff are working on budget adjustments to address the district's projected deficits, such as transferring expenses to restricted funding sources and identifying other areas of savings. **We continue the request we made in that letter that the district submit to us with its 2024-25 Adopted Budget in July , the plan it is developing of specific budget adjustments it will make over the next two fiscal years to meet its minimum reserve requirements.**

Emphasis per original

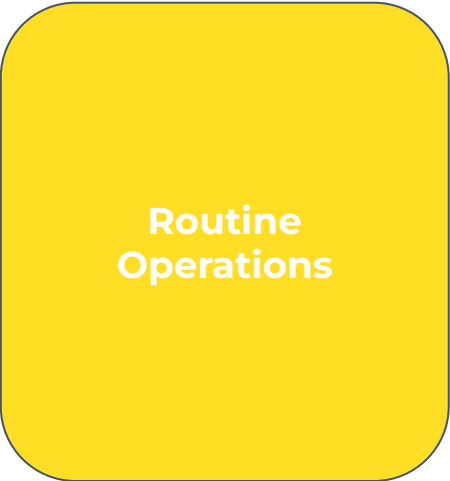
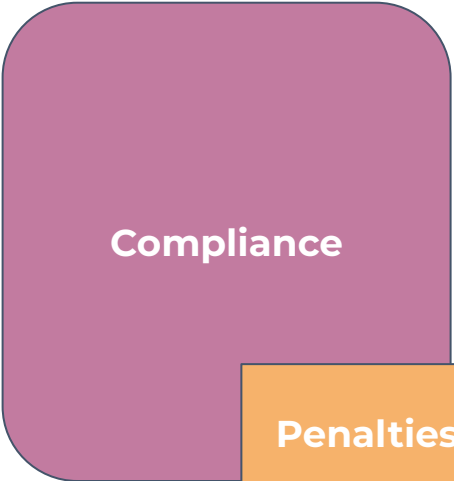
# Right-Sizing

# What is Right-Sizing





# Guidelines



## Call To Action

This is **not a recommendation for significant reductions** to classrooms or student programs.

Providing **an analysis of opportunities** that can maximize dollars through organizational efficiencies.

We are an organization of talent.

This is a **call to action for collaboration and alignment.**



# Observations

- 1 Need for Budget Literacy
- 2 Dependent on Contracts
- 3 Dependent on Exceptions
- 4 Lack of Compliance Accountability (unauthorized)
- 5 Unbudgeted Expenditures
- 6 Need for Internal Controls



*More  
Cannot  
Always  
Be  
The  
Answer*

**More More More More  
More More More More  
More More More More  
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More More More More  
More More More More**

# Opportunities

- 1 Transparency
- 2 Start This Year
- 3 Negotiations Settled, Multi-Year Agreements (almost)
- 4 Maximize the Dollars We Have
- 5 Improved Accuracy
- 6 Collaboration and Communication

# The Great Reset

**Educate on  
Processes**

**Revise  
Guidelines**

**Budget  
Development**

**Improve  
Internal  
Controls**

**Starting**

**JULY 1!**



It has also been emphasized that, to fully address some of the district's most urgent needs, **incremental change will not be sufficient, and that larger, systemic re-design will be needed.**"

2023-24 LCAP

*Let's turn*

PROBLEMS

*Into*

PLANS

STEP 1 >

STEP 2 >

STEP 3 >

STEP 4 >

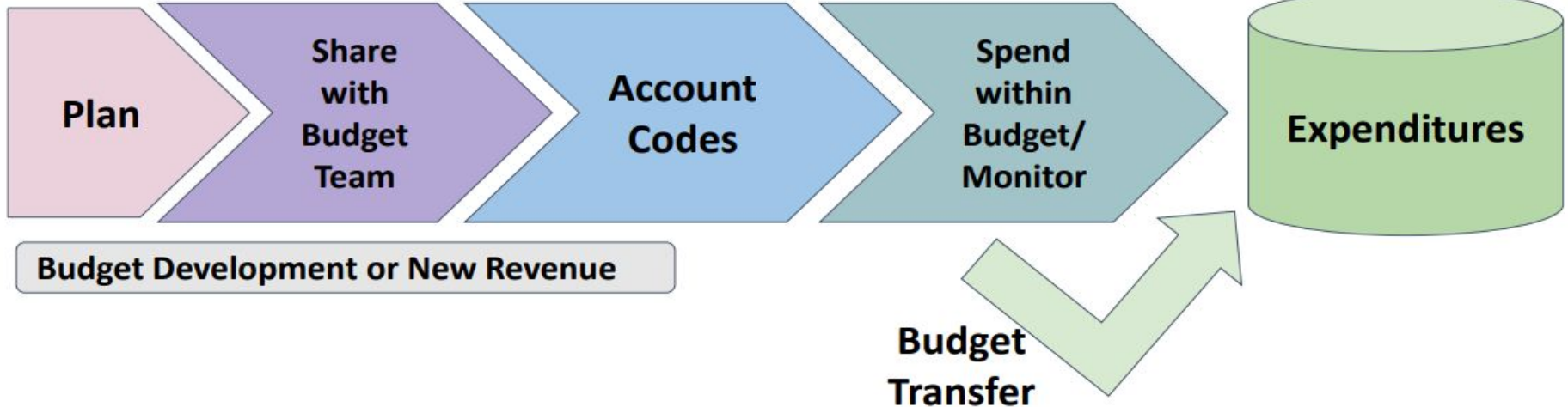
# Recommended Strategies

# Decentralized Budget Process (LCAP/SPSA)

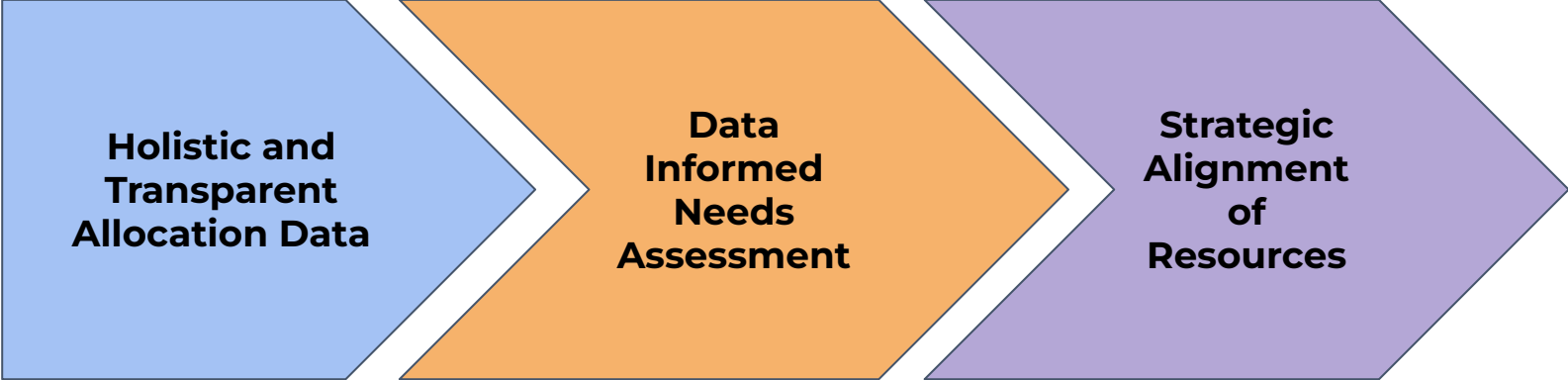


## Budget Authority

- know their funds, including grants
- account codes
- have a PLAN (needs based and data informed)



# Budget Development Process 2025-26

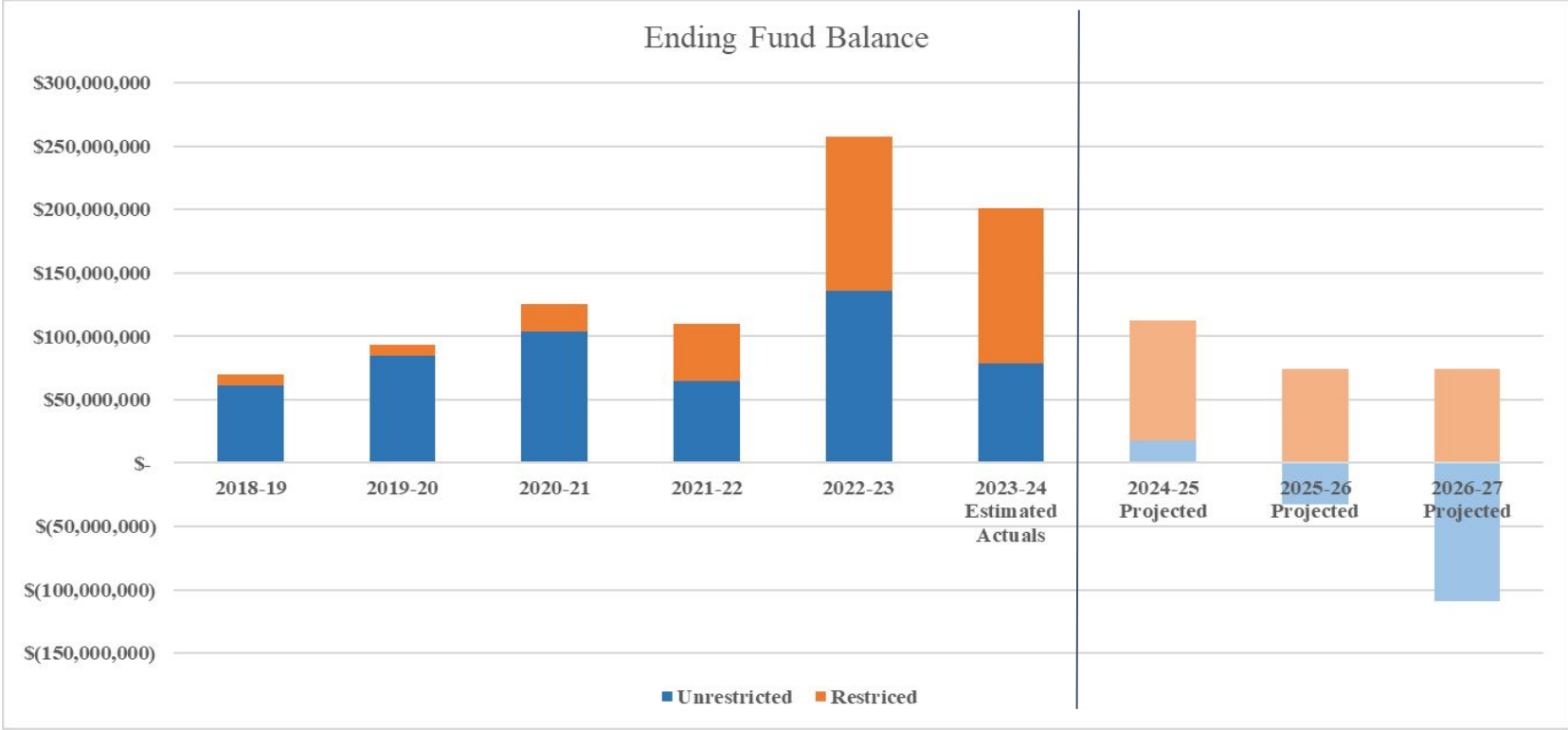




# A look at the math



# Multi-Year Comparison



# Increase Revenue

Item	2024-25	2025-26	2026-27
LCFF COLA Adjustment	\$2.2M	\$2.2M	\$2.2M
ADA Increase			
Leases / Civic Permits	\$0.1M	\$0.2M	\$0.3M
Restricted and Grants	\$10M	\$15M	\$10M
Penalty Recovery	\$48M		
<b>Total Revenue</b>	<b>\$60.3M</b>	<b>\$17.4M</b>	<b>\$12.5M</b>

# Decrease Expenditures (Non-Staff)

Item	2024-25	2025-26	2026-27
Unbudgeted Expenditures			
Reduce Contracted Services	\$5M	\$25M	\$35M
Reduce Supplies	\$0.25M	\$1.25M	\$2M
Stabilize SPED Contribution			\$10M
Compliance (Fines, Penalties, Audit Findings)			
Food / Travel			
<b>Subtotal</b>	<b>\$5.25M</b>	<b>\$26.25M</b>	<b>\$47M</b>

## Decrease Expenditures (Non-Staff)

Item	2024-25	2025-26	2026-27
Solar		\$0.3M	\$0.75M
Every Little Bit Helps			
OPEB (Determine at UA)	\$3M	\$3M	\$3M
<b>Subtotal</b>	<b>\$3M</b>	<b>\$3.3M</b>	<b>\$3.75M</b>
<b>Subtotal Prior Slide</b>	<b>\$5.25M</b>	<b>\$26.25M</b>	<b>\$47M</b>
<b>Total Non-Staff Expenditures</b>	<b>\$8.25M</b>	<b>\$29.55M</b>	<b>\$50.75M</b>

# Every Little Bit Helps

- Cell Phones / Telephones
- Copier / Paper Use
- Legal Costs
- Utilities (Lights, HVAC, Water)
- Insurance Referrals
- Renegotiate Service Contracts



## Decrease Expenditures (Staff)

Item	2024-25	2025-26	2026-27
Budget Development FTE Calibration		\$2M	\$3.5M
Position Budgeting Calculations	\$2M	\$2.5M	\$2.5M
One-time FTE		\$1M	
Position Control HRA and Contracts Processes	\$1M	\$1.75M	\$2.5M
<b>Total Staff Expenditures</b>	<b>\$3M</b>	<b>\$7.25M</b>	<b>\$8.5M</b>

# Totals

Item	2024-25	2025-26	2026-27
Total Revenues	\$60.3M	\$17.4M	\$12.5M
Total Non-Staff Expenditures	\$8.25M	\$29.55M	\$50.75M
Total Staff Expenditures	\$3M	\$7.25M	\$8.5M
Total Recommendations	\$71.55M	\$54.2M	\$71.75M





The Chief Business and Operations Officer...assures the district is financially stable”

# Seismic Impact



45 Day Update  
Interim Reports  
MYP



**These projections  
are only as good  
as our  
commitments  
to them**

# Commitments

- 1 Prioritize People
- 2 Maximize Dollars
- 3 Fiscal Discipline
- 4 Transparency
- 5 Budget Literacy
- 6 The Work Must Be Done













# In Summary

# Important Dates Ahead

# Dates

**June 15**  
State  
Proposal

**June 27**  
Governor  
Signs  
Budget

**August 8**  
2024-25  
45 Day  
Revise

**June 20**  
SCUSD  
2024-25  
Budget  
Adoption

**July 1**  
Great  
Reset

**September 5**  
2023-24  
Unaudited  
Actuals



**Thank you!**



**Feedback**



**Questions?**